

Message Text

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ACTION EUR-12

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AID-05 OPIC-03 /094 W
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P R 271035Z JAN 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC PRIORITY 4532
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO POUCH
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
DIA WASHDC
USCINCEUR VAIHINGEN GER
USMISSION USNATO
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C O N F I D E N T I A L SECTION 1 OF 3 LISBON 0697

E.O. 11652: GDS
TAGS: PGOV PINT PO
SUBJECT: THE NEW POLITICAL LINEUP: AN ASSESSMENT

SUMMARY: THE PS/CDS AGREEMENT ON A MAJORITY GOVERNMENT HAS STRENGTHENED THE POLITICAL CENTER'S CONTROL OF THE POLITICAL PROCESS AND EXCLUDED THE EXTREMES FROM POWER. THE AGREEMENT HAS STRENGTHENED THE PARTY SYSTEM BY AWAKENING IDEOLOGICAL RIGIDITIES AND BY DEMONSTRATING THAT TWO PARTIES CAN OVERCOME THEIR DIFFERENCES IN THEIR OWN AND THE NATIONAL INTEREST. THE PARTIES AND THE POLITICAL CENTER, HOWEVER, WILL BE ON TRIAL DURING THE TENURE OF THE PS/CDS GOVERNMENT. THE
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GOVERNMENT. THE GOVERNMENT MUST SHOW THAT IT CAN SOLVE NATIONAL PROBLEMS TO OVERCOME PUBLIC SKEPTICISM AND GENERATE THE POPULAR SUPPORT NECESSARY TO GOVERN. END SUMMARY.

1. THE BALANCE OF FORCES. THE AGREEMENT ON A PS/CDS MAJORITY GOVERNMENT AND THE NEGOTIATIONS WHICH PRECEDED AGREEMENT HAVE UNDERLINED SOME POLITICAL FACTS OF LIFE

WHILE ALTERING OTHER BASIC RELATIONSHIPS. THE CHANGED SITUATION HAS IMPORTANT IMPLICATIONS FOR THE FUTURE OF KEY POLITICAL FORCES.

2. THE EFFECTS ON THE PARTIES:

-- THE SOCIALISTS: THE PS ROLE AT THE CENTER OF THE POLITICAL SYSTEM HAS BEEN CONFIRMED; NO POLITICAL PARTY CAN ORGANIZE A GOVERNMENT WITHOUT THE SOCIALISTS. THE SOCIALISTS HAVE REAFFIRMED THEIR COMMITMENT TO MODERATE, PRAGMATIC SOLUTIONS. THEY MAINTAINED THEIR DOMINANT ROLE IN THE GOVERNMENT'S POLICY AND PATRONAGE DECISIONS, BUT HAVE BEEN FORCED TO SHARE POWER. THE SOCIALIST DECISION TO ALLY WITH THE CONSERVATIVE CENTER DEMOCRATS WILL CAUSE THE PS SOME DIFFICULTY WITH STUDENT AND WORKER MEMBERS WHO HAVE HAD A HEAVY DOSE OF IDEOLOGY FOR THE PAST FOUR YEARS. MARIO SOARES AND THE PS LEADERSHIP, HOWEVER, BY MOVING AT A DELIBERATE, STEP-BY-STEP PACE MINIMIZED THE DAMAGE TO PARTY COHESION.

-- THE CENTER DEMOCRATS: THE CDS PLAYED ITS HAND ASTUTELY. THE THREE CDS MINISTERS AND FREITAS DO AMARAL'S SPECIAL RELATIONSHIP WITH PRESIDENT EANES SHOULD ENSURE THE CENTER DEMOCRATS SUBSTANTIAL INFLUENCE IN THE DECISION-MAKING PROCESS. BUT, CENTER DEMOCRATS ARE STILL A MINORITY AND WILL HAVE TO WORK HARD TO AVOID BEING OVERWHELMED BY THEIR SOCIALIST PARTNERS. THE CENTER DEMOCRATS HAVE ALSO TAKEN

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A CONSIDERABLE RISK WITH THEIR CONSERVATIVE RANK AND FILE IN ALLYING WITH THE SOCIALISTS; THEY WILL HAVE TO SHOW RESULTS ON KEY ISSUES SUCH AS PRIVATE INITIATIVE AND PRIVATE EDUCATION TO WIN OVER SKEPTICAL FOLLOWERS. THE CENTER DEMOCRATS GAMBLED IN JOINING THE GOVERNMENT; BUT THEIR BASE AS AN OPPOSITION PARTY WAS ALWAYS LIMITED BY THEIR LATE START AND SMALL POOL OF TOP LEADERSHIP. FREITAS DO AMARAL WAS WILLING TO SACRIFICE THOSE RIGHT-WING FOLLOWERS WHO COULD NEVER ACCEPT AN ALLIANCE WITH THE SOCIALISTS FOR AN OPPORTUNITY TO ENTER THE GOVERNMENT AND BROADEN CDS APPEAL.

-- THE SOCIAL DEMOCRATS: THE PSD IS A BIG LOSER IN THE NEW GOVERNMENT FORMULA. SA CARNEIRO SOUGHT TO FORCE HIS WAY INTO THE GOVERNMENT BY STIMULATING POLITICAL POLARIZATION; HE FAILED AND THE PSD FOUND ITSELF LEFT OUT. NOW, THE SOCIAL DEMOCRATS FACE A DILEMMA -- THEY CAN MOVE TO RIGHT-WING OPPOSITION FOR SA CARNEIRO WOULD BE THE PERFECT LEADER; OR THEY CAN ADOPT THE SELECTIVE OPPOSITION ADVOCATED BY PSD MODERATES. IN EITHER CASE THE PSD CAN BENEFIT ONLY IF THE PS/CDS GOVERNMENT

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FM AMEMBASSY LISBON
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C O N F I D E N T I A L SECTION 2 OF 3 LISBON 0697

FALTERS. SHOULD THE PS/CDS GOVERNMENT SHOW RESULTS,
THE PSD COULD FIND ITSELF IN BAD SHAPE BY 1980.

--THE COMMUNISTS: THE COMMUNISTS BANKED HEAVILY
ON THEIR LABOR STRENGTH DURING NEGOTIATIONS ON A NEW
GOVERNMENT. HOWEVER, THE COMMUNISTS OVERPLAYED THEIR
HAND AND FACE AN EVEN MORE HOSTILE GOVERNMENT THAN
THAT THE COMMUNISTS HELPED TO TOPPLE. THE COMMUNISTS,
HAVING SQUANDERED THE OPPORTUNITY TO DEAL FROM STRENGTH,
MUST NOW INCREASE THEIR BARGAINING POWER BEFORE SEEKING
A NEW DEAL WITH THE SOCIALISTS IN RETURN FOR LABOR
PEACE.

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3. EANES'S ROLE: PRESIDENT EANES ONCE AGAIN CONFIRMED HIS COMMITMENT TO DEMOCRACY, TO RESTRICTING COMMUNIST INFLUENCE, AND TO MAKING THE POLITICAL PARTY SYSTEM WORK. EANES AND HIS STAFF, AFTER FAILING TO PUT TOGETHER A PS/PSD/CDS GOVERNMENT, REVERTED TO A BEHIND-THE-SCENES ROLE OF GUIDING THE COURSE OF NEGOTIATIONS AMONG THE PARTIES. EANES TOLD SOARES THAT A NEW GOVERNMENT MUST BE BASED ON A STABLE PARLIAMENTARY MAJORITY AND COULD NOT BE DEPENDENT UPON PCP VOTES. AND WHEN THE PCP REJECTED THE SOCIALISTS' PROPOSED SIDE AGREEMENT, EANES ENCOURAGED SOARES TO GO AHEAD WITH A PS/CDS GOVERNMENT.

4. THE PRESIDENT AND THE GOVERNMENT: THE PRESIDENT CAN BE EXPECTED TO LEND FULL SUPPORT TO THE NEW GOVERNMENT AND TO INSIST ON PROMPT RESOLUTION OF ADMINISTRATIVE AND MANAGERIAL PROBLEMS. EANES WILL LIKELY BE THE ARBITER BETWEEN THE PS AND CDS ON THE CONDUCT OF GOVERNMENT. THROUGH HIS CONTROL OF THE ARMED FORCES HE WILL ALSO PLAY AN IMPORTANT ROLE IN RESTRAINING COMMUNIST PRESSURE ON THE NEW GOVERNMENT.

5. OTHER POLITICAL FORCES IN THE BACKGROUND:

--FRINGE GROUPS: ON THE FAR RIGHT, KAUZA DE ARRIAGA AND PINHEIRO DE AZEVEDO SOUGHT TO TAKE ADVANTAGE OF THE POLITICAL CRISIS BY IMPUGNING THE PARTY SYSTEM. BUT A CRIPPLING LACK OF ORGANIZATION AND POPULAR FOLLOWING PREVENTED EITHER FROM CAPITALIZING ON POLITICAL UNCERTAINTY FOLLOWING THE FALL OF THE PS GOVERNMENT. ON THE FAR LEFT, THE POPULAR DEMOCRATIC UNION (UDP) WAS EXCLUDED FROM NEGOTIATIONS ON A NEW GOVERNMENT

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AND HAD NO SIGNIFICANT IMPACT ON THE POLITICAL PROCESS.

--MILITARY QUITE: THE ARMED FORCES DID NOT PLAY AN ACTIVE ROLE IN THE RESOLUTION OF THE POLITICAL CRISIS. EVEN THE REVOLUTIONARY COUNCIL (RC) PLAYED A QUIET, BEHIND-THE-SCENES ROLE, ENDORSING SOLUTIONS FOUND BY THE PARTIES AND THE PRESIDENT. THE ABSENCE OF MILITARY PRESSURES HAS UNDERLINED PRESIDENT EANES'S CONTROL OVER THE ARMED FORCES AND HIS COMMITMENT TO DEMOCRATIC INSTITUTIONS. IT MARKS ANOTHER MILESTONE IN MOVING THE MILITARY OUT OF POLITICS.

--MODERATE CHURCH: CARDINAL ANTONIO RIBEIRO AND THE MODERATE CATHOLIC HIERARCHY MAINTAINED THEIR DISCREET TIES WITH PRESIDENT EANES, PRIME MINISTER SOARES AND OTHER POLITICAL LEADERS DURING THE GOVERNMENTAL CRISIS.

THE CHURCH EMERGED WITH ITS POLITICAL IMAGE ENHANCED
AND EXPLICIT RECOGNITION FOR THE ROLE OF
PRIVATE RELIGIOUS EDUCATION IN THE PS/CDS AGREEMENT.

--INTEREST GROUPS: THE BUSINESS AND LABOR
ORGANIZATIONS WHICH WERE GIVEN A SUBSTANTIAL HEARING
DURING NEGOTIATIONS FOR A SOCIAL PACT BEFORE THE
FALL OF THE SOCIALIST GOVERNMENT HAD TO DIRECT ROLE IN
NEGOTIATIONS FOR A NEW GOVERNMENT.

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C O N F I D E N T I A L SECTION 3 OF 3 LISBON 0697

--CIP: THE PORTUGUESE CONFEDERATION OF INDUSTRIES
THROUGH ITS PUBLIC INTRANSIGENCE, EFFECTIVELY EXCLUDED ITSELF
FROM (CIP) A SHARE OF GOVERNMENTAL POWER FOR THE TIME BEING.

--CAP: THE FARMER'S CONFEDERATION (CAP) WAS
CONSULTED REGULARLY BY THE CDS IN THE COURSE OF ITS
NEGOTIATIONS, BUT WAS NOT A MAJOR FACTOR.

--TRADE UNION ORGANIZATIONS: CGTP AND THE OPEN
LETTER MOVEMENT POAYED NO SUBSTANTIAL ROLE IN GOVERNMENTAL
NEGOTIATIONS. IN THE POLITICIZED UNION LEADERSHIP, THE
COMMUNISTS AND THE SOCIALISTS FOR THE MOST PART SPEAK
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FOR AND CONTROL THE ACTIONS OF THEIR LABOR ARMS. THE
COMMUNIST-DOMINATED CGTP WILL BENEFIT FROM OPPOSING AN
OSTENSIBLY CONSERVATIVE GOVERNMENT WHICH MUST IMPOSE
ADDITIONAL AUSTERITY MEASURES.

6. POLITICIANS AND THE PEOPLE: THE PUBLIC REMAINED LARGELY
INDIFFERENT TO THE GOVERNMENTAL CRISIS. THE AID DIRECTOR
TRAVELING THROUGH THE NORTH THE WEEK OF JAN 16 FOUND
SKEPTICISM THE DOMINANT PUBLIC REACTION TO POLITICAL EVENTS.
THE PS/CDS AGREEMENT WAS NOT FASHIONED BY POPULAR DEMAND, BUT
BY POLITICAL NECESSITY. BOTH THE PS AND CDS UNDERTOOK THE
AGREEMENT IN THE FACT OF RANK AND FILE OPPOSITION.

7. THE BALANCE: THE PS:CDS UNDERSTANDING HAS STRENGTHENED
THE POLITICAL CENTER'S CONTROL OF THE POLITICAL PROCESS AND
EXCLUDED THE EXTREMES FROM POWER. THE AGREEMENT HAS STRENGTHENED
THE PARTY SYSTEM BY WEAKENING IDEOLOGICAL RIGIDITIES AND BY DE-
MONSTRATING THAT TWO PARTIES CAN OVERCOME THEIR DIFFERENCES IN THEIR
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CENTER, HOWEVER, WILL BE ON TRIAL DURING THE TENURE OF THE
PS:CDS GOVERNMENT. EXTREMISTS AND NONPARTY GROUPS ARE BANKING
ON GOVERNMENT FAILURE TO STRENGTHEN THEIR POSITION. THE
GOVERNMENT MUST SHOW THAT IT CAN PERFORM AND SOLVE NATIONAL
PROBLEMS IN ORDER TO GENERATE THE POPULAR SUPPORT NECESSARY
TO GOVERN IN THE DIFFICULT PERIOD AHEAD.
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